



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 8, 2008

Mitch Johnson
Oakley Mountain Corp.
1729 South HWY 27
Oakley, ID 83346

Subject: Approval of Form and Amount of Surety, Oakley Mountain Corp., Green Beetle Quartzite Tract, S/003/0072, Box Elder County, Utah

Dear Mr. Johnson:

On April 1, 2008, the Division approved the form and amount of surety for your amended Notice of Intention to Conduct Small Mining for the Green Beetle Quartzite Tract. Attached is a copy of the approved surety and reclamation contract. As stated previously, once you have satisfied other agencies (BLM and SITLA) you may begin your amended operations.

On March 19, 2008, the Division conducted an inspection of your site. Of concern during the inspection, it was noted that the disturbed area has expanded significantly. Using a GPS, it was determined that there is nearly 3 acres of active disturbance (pits and roads) in the lower quarry area, 2.9 acres of previously disturbed area that reclamation has not been completed, and 0.5 acres of disturbance with the lay-down area. This amount of acreage technically would be considered a large mining operation. In order to bring the site back into compliance, you need to either submit a large mining notice, or immediately complete reclamation on 2 acres. The Division asks that you immediately submit an additional reclamation surety for \$4,900 for the 2 acres and complete either option within 30 days. Failure to do so may result in enforcement action being taken.

The Division understands that the BLM has this same concern and is in the process of scheduling an onsite meeting with you to resolve this situation. The BLM has indicated that they will not approve your amendment until this issue is resolved.

Mitch Johnson
Page 2 of 2
S/003/0072
April 8, 2008

Thank you in advance for your cooperation to resolve this issue. If you have any questions in this regard, please call me at (801) 538-5258 or Lynn Kunzler at 538-5310. In reply, please refer to file number S/003/0072.

Sincerely,

A handwritten signature in black ink that reads "Susan M. White". The signature is fluid and cursive, with the first name "Susan" being more prominent than the last name "White".

Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW:lk:pb
Task ID #2161
Attachments: Reclamation Surety and Reclamation Contract
cc: Mike Nelson, BLM w/attachment
John Blake, SITLA w/attachment
P:\GROUPS\MINERALS\WP\M003-BoxElder\S0030072-GreenBeetleQuartziteTract\final\acpt-04072008.doc



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State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

JOHN R. BAZA
Division Director

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MAR 24 2008

DIV. OF OIL, GAS & MINING

Addendum #1 to Small Mine Reclamation Contract
February 21, 2008

Oakley Mountain Corp., Green Beetle Quartzite Tract, S/003/072

☒ APPROVED

Larry P Scrivanich, President
Oakley Mountain Corp.
1729 S HWY 27.
OAKLEY, ID 83346

This letter serves as an acknowledgment and approval of the following provisions to the new Reclamation Contract:

- **Effective Date of the new Reclamation Contract is December 12, 2005;**

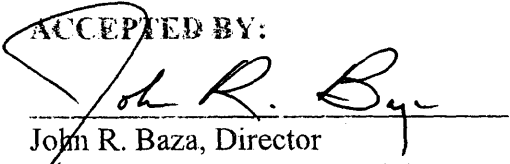
Nothing herein contained shall vary, alter, or extend any other provision or condition of the Reclamation Contract.

To the extent any conflict exists between this addendum and the Reclamation Contract, these terms shall control.

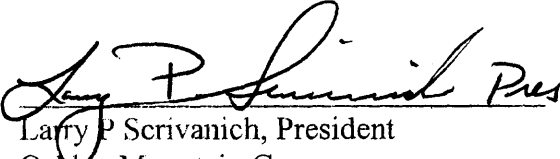
Please acknowledge with your signature and date, make a copy for your records, and return this letter with original signatures to the Division.

The below signed, acknowledge and accept these revisions and incorporate them into the Large Mine Reclamation Contract.

ACCEPTED BY:


John R. Baza, Director
Division of Oil, Gas and Mining

4/1/08
Date


Larry P Scrivanich, President
Oakley Mountain Corp.

3-19-08
Date

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

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---ooOoo---

SMALL MINE RECLAMATION CONTRACT

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between **Oakley Mountain Corp.** the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. **S/003/072** which the Operator has filed with the Division and has been determined by the Division to be complete (Complete NOI) as required by the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (2005, as amended) (hereinafter referred to as "Act") and the regulations adopted pursuant to the Act; and

WHEREAS, Operator is obligated to reclaim the lands affected by the mining operations in accordance with the Act and the regulations, and is obligated to provide a surety in a form and amount approved by the Division or the Board of Oil, Gas and Mining (Board) to assure reclamation of the lands affected by the mining operations.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to promptly reclaim in accordance with the requirements of the Act and applicable regulations, as they may be amended, all of the lands affected by the mining operations conducted or to be conducted pursuant to a Complete Notice of Intention.
2. The Lands Affected by the mining operations and subject to the requirements of the Act and this Contract include:
 - A. All surface and subsurface areas affected or to be affected by the mining operations including but not limited to private on-site ways, roads, railroads; land excavations; drill sites and

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workings; refuse banks or spoil piles; evaporation or settling ponds; stockpiles; leaching dumps; placer areas; tailings ponds or dumps; work, parking, storage, and waste discharge areas, structures, and facilities; and

- B. All mining disturbances regardless of discrepancies in the map and legal description, unless explicitly and clearly identified as EXCLUDED on maps, and legal descriptions included in the Complete NOI; provided lands may be excluded only if: (1) they were disturbed by mining operations that ceased prior to July 1, 1977; (2) the lands would be included but have been reclaimed in accordance with a complete notice or reclamation plan; or (3) the lands were disturbed by a prior operation for which there is no surety, no legally responsible entity or person, and which lands are not necessarily or incidentally intended to be affected by the mining operations as described in the Complete NOI.
- 3. The Operator shall be responsible for reclamation of all such Lands Affected regardless of errors or discrepancies in the maps or legal descriptions provided with the NOI which are intended to assist in determining the location of the mining operations, to describe the areas of disturbance, and to assist estimating the amount of surety required.
- 4. The Operator prior to commencement of any mining operations and as a precondition to the rights under the Notice of Intention shall provide a surety in a form permitted by the Act and in an amount sufficient to assure that reclamation of the Lands Affected will be completed as required by the Act. The Surety shall remain in full force and effect according to its terms unless modified by the Division in writing. A copy of the agreement providing for the Surety for the reclamation obligations herein is included as **ATTACHMENT A** to this Contract.
- 5. If the Surety expressly provides for cancellation or termination for non-renewal:
 - A. The Operator shall within 60 days following the Division's receipt of notice that the Surety will be terminated or cancelled, provide a replacement Surety sufficient in a form and amount, as required by the Act, to replace the cancelled surety; or
 - B. If the Operator fails to provide an acceptable replacement Surety within 60 days of notice of cancellation or termination, the Division may order the Operator to cease further mining activities, and without further notice proceed to draw upon letters of credit, to withdraw any amounts in certificates of deposit or cash and/or any other forms of surety, and to otherwise take such action as may be necessary to secure the rights of the Division to perfect its claim on the existing surety



for the purpose of fully satisfying all of the reclamation obligations incurred by the Operator prior to the date of termination, and the Division may thereafter require the Operator to begin immediate reclamation of the Lands Affected by the mining operations, and may, if necessary, proceed to take such further actions as may be required for the Division to forfeit the surety for the purpose of reclaiming the Lands Affected.

6. The Operator's liability under this Contract shall continue in full force and effect until the Division finds that the Operator has reclaimed the Lands Affected by mining operations in accordance with the Act and regulations, as amended. If the mining operations are modified or for any other reason vary from those described in the Complete Notice of Intention, the Operator shall immediately advise the Division, and the Notice of Intention shall be revised and the Surety amount shall be adjusted as necessary.
7. If reclamation of a substantial phase or segment of the Lands Affected by the mining operations is completed to the satisfaction of the Division, and the Division finds that such substantial phases or segments are severable from the remainder of the mining area, Operator may request the Division to find that Operator has reclaimed such area. If the Division makes such finding, Operator may make request to the Division for a reduction in the aggregate face amount of the Surety, and the Division may reduce the surety to an amount necessary to complete reclamation of the remaining mining operations as anticipated by the Complete Notice of Intention in accordance with the requirements of the Act and regulations, as amended.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the applicable rules.
9. Operator agrees to pay all legally determined public liability and property damage claims resulting from mining operations, to pay all permit fees, to maintain suitable records, to file all required reports, to permit reasonable inspections, and to fulfill all sundry reporting requirements applicable to the mine as required by the Act and implementing rules.
10. Operator agrees to indemnify and hold harmless the State, Board, and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
11. If Operator shall default in the performance of its obligations hereunder, Operator shall be liable for all damages resulting from the breach hereof including all costs, expenses, and reasonable attorney's fees incurred by the Division and/or the Board in the enforcement of this Contract.

12. Any breach of a material provision of this Contract by Operator may, at the discretion of the Division, in addition to other remedies available to it, result in an order by the Division requiring the Operator to cease mining operations, and may thereafter result in an Order, subject to an opportunity for notice and hearing before the Board, withdrawing and revoking the Notice of Intention, and requiring immediate reclamation by the Operator of the Lands Affected or forfeiture of the Surety.
13. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount that is required to comply with this Contract. Upon completion of the reclamation of all of the Lands Affected, any excess monies resulting from forfeiture of the Surety shall be returned to the rightful claimant.
14. The Operator shall notify the Division immediately of any changes in the Operator's registered agent, the Operator's address, form of business, name of business, significant changes in ownership, and other pertinent changes in the information required as part of the Notice of Intention. Notwithstanding this requirement, any changes to the Notice of Intention, and any errors, omissions, or failures to fully or accurately complete or update the information on the Notice of Intention, or the attached maps, shall not affect the validity of this Contract and the rights of the Division to enforce its terms.
15. If requested by the Division, the Operator shall execute addendums to this Contract to add or substitute parties, or to reflect changes in the Operator, Surety, and otherwise modify the Contract to reflect changes in the mining operations as requested by the Division. All modifications must be in writing and signed by the parties, and no verbal agreements, or modifications in any of the terms or conditions shall be enforceable.
16. This Contract shall be governed and construed in accordance with the laws of the State of Utah.

☒ APPROVED

The signatory below represents that the Operator, if not a natural person, is a properly organized entity in good standing under the laws of Utah and the United States, is registered as an entity authorized to do business in the State of Utah, and that he/she is authorized to execute this Contract on behalf of the entity as Operator.

OPERATOR:

OAKLEY MOUNTAIN Corp DBA SCRIVANICH NATURAL STONE
Operator Name

By LARRY SCRIVANICH Pres.
Authorized Officer (Typed or Printed)

Pres.
Authorized Officer - Position

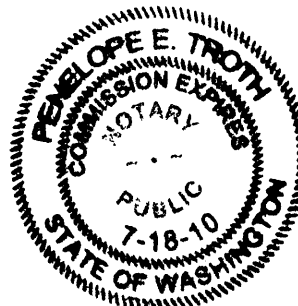
[Signature] 3-19-08
Officer's Signature Date

☒ APPROVED

STATE OF Washington)
COUNTY OF King) ss:

On the 20th day of March, 2008, LARRY SCRIVANICH personally appeared before me, who being by me duly sworn did say that he/she is an officer (owner, officer, director, partner, agent or other (specify)) of the Operator OAKLEY MT Corp and duly acknowledged that said instrument was signed on behalf of said Operator by authority of its bylaws, a resolution of its board of directors or as may otherwise be required to execute the same with full authority and to be bound hereby.

[Signature]
Notary Public
Residing at Snohomish County
Penelope E. Troth 07/18/10
My Commission Expires:



DIVISION OF OIL, GAS AND MINING:

By John R. Baza
John R. Baza, Director

4/1/08
Date

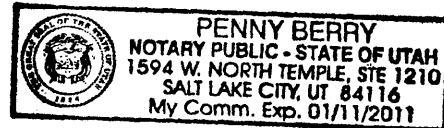
STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 1 day of April, 2008, John R. Baza
personally appeared before me, who being duly sworn did say that he, the said
John R. Baza is the Director of the Division of Oil, Gas and Mining,
Department of Natural Resources, State of Utah, and he duly acknowledged to me that
he executed the foregoing document by authority of law on behalf of the State of Utah.

Penny Berry
Notary Public
Residing at: Salt Lake

1/11/2011
My Commission Expires:

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FACT SHEET

Commodity: Quartzite

Mine Name: Green Beetle Quartzite Tract

Permit Number: S/003/0072

County: Box Elder

Disturbed Acres: 3

Operator Name: Oakley Mountain Corp

Operator address: 1729 S HWY 27, OAKLEY ID 83346

Operator telephone: 208-862-3820

Operator fax: 208-862-7812

Operator email: _____

Contact: Mitch Johnson

Surety Type: Letter of Credit

Held by (Bank/BLM): Columbia Bank

Surety Amount: \$17,000

Surety Account Number: I05CB2297

Escalation Year: 2008

Tax ID or Social Security (for cash only): _____

Surface owner: BLM

Mineral owner: SITLA

UTU and/or ML number: UTU-81125, ML-49947



INTERNATIONAL BANKING

February 22, 2008

UTAH DIVISION OF OIL, GAS AND MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

and

Bureau of Land Management
Salt Lake Field Office
2370 South 2300 West
Salt Lake City UT 84119

Reference: Standby Irrevocable Letter of Credit No. I05CB2297
Account of: Oakley Mountain Corp. dba Scrivanich Natural Stone
Issue Date: September 13, 2005
Expiration Date: September 13, 2008
Amount: USD14,300.00

Amendment No. 2

The above referenced Letter of Credit has been amended as follows:

1. Increase the amount by USD2,700.00 for a new total of USD17,000.00

All other terms and conditions remain unchanged.

This amendment must be accepted in whole and not in part.

COLUMBIA STATE BANK

Kathy Peterman
Senior Vice President and Manager
International Banking

WE HEREBY ACKNOWLEDGE ACCEPTANCE OF THIS AMENDMENT.

UTAH DIVISION OF OIL, GAS AND MINING AND BUREAU OF LAND MANAGEMENT

By:

Title: Director, DOGM

Date: 4/1/2008



INTERNATIONAL BANKING

S/003/072

September 21, 2005

UTAH DIVISION OF OIL, GAS AND MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

and

Bureau of Land Management
Salt Lake Field Office
2370 South 2300 West
Salt Lake City UT 84119

Reference: Standby Irrevocable Letter of Credit No. I05CB2297
Account of: Oakley Mountain Corp. dba Scrivanich Natural Stone
Issue Date: September 13, 2005
Expiration Date: September 13, 2006
Amount: USD14,300.00

Amendment No. 1

The above referenced Letter of Credit has been amended as follows:

1. The number S/003/017 for the Green Beetle Mining Project is changed to S/003/072 in every place it appears.

All other terms and conditions remain unchanged.

This amendment must be accepted in whole and not in part.

COLUMBIA STATE BANK

Joseph Timmons
Assistant Vice President
International Banking

WE HEREBY ACKNOWLEDGE ACCEPTANCE OF THIS AMENDMENT.

UTAH DIVISION OF OIL, GAS AND MINING AND BUREAU OF LAND MANAGEMENT

By:

Title: Director, DOGAL

Date: 12/2/05



5/003/072

INTERNATIONAL BANKING

September 13, 2005

UTAH DIVISION OF OIL, GAS AND MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Reference: Standby Irrevocable Letter of Credit No. I05CB2297
Account of: Oakley Mountain Corp. dba Scrivanich Natural Stone
Issue Date: September 13, 2005
Expiration Date: September 13, 2006
Amount: US\$14,300.00

We enclose our original Letter of Credit No. I05CB2297.

Please call if you have any questions.

Very truly yours,

A handwritten signature in cursive script that reads 'Joseph Timmons'.

Joseph Timmons
Assistant Vice President
International Banking

Cc Oakley Mountain Corp. dba Scrivanich Natural Stone

RECEIVED

SEP 14 2005

DIV. OF OIL, GAS & MINING



S/003/072

INTERNATIONAL BANKING

STANDBY IRREVOCABLE
Letter of Credit No. I05CB2297
Issue Date: September 13, 2005
Expiration Date: September 13, 2006
Amount: US\$14,300.00

Beneficiary:
UTAH DIVISION OF OIL, GAS AND MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Applicant:
Oakley Mountain Corp. dba
Scrivanich Natural Stone
P.O. Box 2174
Woodinville, WA 98072

and

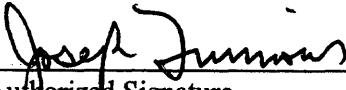
Bureau of Land Management
Salt Lake Field Office
2370 South 2300 West
Salt Lake City UT 84119

Gentlemen and Ladies:

1. Columbia State Bank, of Tacoma, Washington, hereby establishes this irrevocable letter of credit (the "Letter of Credit") in favor of the Utah Division of Oil, Gas and Mining ("Division") for itself and as agent for the Bureau of Land Management (collectively, the "Beneficiaries") for an aggregate amount not to exceed \$14,300.00 (Fourteen Thousand Three Hundred and No/100 U.S. Dollars) in United States dollars ("Face Amount") effective immediately.
2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (Tacoma, Washington time) on September 13, 2006 or (b) the date upon which sufficient documents are executed by the Division to release Oakley Mountain Corp. dba Scrivanich Natural Stone ("Operator") from further liability for reclamation of the Green Beetle Mining Project, number S/003/017 with notice to Bank by the Division accompanied by the original Letter of Credit with directions for cancellation.
3. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless Columbia State Bank gives notice to the Division 90 days prior to the expiration date that Columbia State Bank elects not to renew the Letter of Credit.
4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. I05CB2297 delivered to the office of Columbia State Bank, 1102 Broadway Plaza, International Department MS 6400, Tacoma, Washington 98402. At the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.

5. If Columbia State Bank receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination of this Letter of Credit, Columbia State Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, Tacoma, Washington time, on the second business day following Columbia State Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify.
6. All documents and drafts must be presented for negotiation not later than September 13, 2006 by delivery through courier service, the United States Postal Service, or in person at the counters of Columbia State Bank, 1102 Broadway Plaza, International Dept. MS6400, Tacoma, Washington 98402, Attn: International Department and drafts to be marked: "Drawn under L/C No. I05CB2297 of the Columbia State Bank, International Department, Tacoma, Washington, dated: September 13, 2005"
7. Columbia State Bank will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of Columbia State Bank, or alleging any violations of regulatory requirements which could result in suspension or revocation of Columbia State Bank's charter or license to do business.
8. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1993 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.
9. All communications regarding this Letter of Credit will be addressed to Columbia State Bank, 1102 Broadway Plaza, International Department MS 6400, Tacoma, Washington 98402, referencing Letter of Credit No. I05CB2297.

Columbia State Bank


Authorized Signature

By: Joseph Timmons
(Name typed or printed)

Title: Assistant Vice President

STANDBY IRREVOCABLE
Letter of Credit No. I05CB2297

Page 3 of 4

EXHIBIT A - SIGHT DRAFT
to
Letter of Credit Number I05CB2297

Date	City, County	Letter of Credit No.

AT SIGHT PAY TO THE ORDER OF: Utah Division of Oil, Gas and Mining,

_____ DOLLARS

"Drawn under L/C No. I05CB2297 of the Columbia State Bank, International Department, Tacoma, Washington, dated: September 13, 2005."

TO: (Name of Bank)
and
(Address)

Utah Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

By: _____
Authorized Signature

STANDBY IRREVOCABLE
Letter of Credit No. I05CB2297

Page 4 of 4

EXHIBIT B
to
Letter of Credit Number I05CB2297

I, _____ a duly authorized representative of the Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of \$ _____, by sight draft accompanying this certificate, under Letter of Credit No. I05CB2297 dated September 13, 2005 issued by you is permitted under the provision of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount, and (4) the Utah Board of Oil, Gas and Mining, after notice and hearing, has entered an Order which has not been stayed, ordering forfeiture of the Letter of Credit No. I05CB2297, in accordance with applicable law. Proceeds of this drawing will be utilized in full to pay the expenses relating to the reclamation liability, together with the costs of collection, including attorneys fees, for the Green Beetle Mining Project, number S/003/017. The amount to be drawn is necessary to assure or complete reclamation of the Green Beetle Mining Project, number S/003/017 in accordance with applicable law. Proceeds of this drawing will be held by the Division, subject to the Board of Oil, Gas, and Mining, after Notice and Hearing, ordering forfeiture of the surety in accordance with applicable law utilized in full to pay the expenses relating to the reclamation liability, together with the costs of collection, including attorney's fees for the Green Beetle Mining Project, S/003/017.

The Utah Division of Oil, Gas and Mining

By: _____
Authorized Signature

Date _____